

# Senate Study Bill 1053

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON COMMERCE  
BILL BY CO=CHAIRPERSONS  
BEHN and WARNSTADT)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act establishing a state health insurance mandate commission,  
2 providing for fees and a tax credit, and making an  
3 appropriation.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1750SC 81  
6 av/gg/14

PAG LIN

1 1 Section 1. NEW SECTION. 432.12F STATE HEALTH INSURANCE  
1 2 MANDATE COMMISSION ASSESSMENT CREDIT.  
1 3 The sums paid by an insurance company or association as  
1 4 assessments for the funding of the state health insurance  
1 5 mandate commission pursuant to section 514C.22 shall be  
1 6 allowed as credits against the premium tax liability for the  
1 7 insurance company or association for the calendar year during  
1 8 which the payments are made.  
1 9 Sec. 2. NEW SECTION. 514C.22 STATE HEALTH INSURANCE  
1 10 MANDATE COMMISSION.  
1 11 1. DEFINITIONS. As used in this section, unless the  
1 12 context otherwise requires:  
1 13 a. "Carrier" means an entity subject to the insurance laws  
1 14 and regulations of this state, or subject to the jurisdiction  
1 15 of the commissioner, that contracts or offers to contract to  
1 16 provide, deliver, arrange for, pay for, or reimburse any of  
1 17 the costs of health care services, including an insurance  
1 18 company offering sickness and accident plans, a health  
1 19 maintenance organization, a nonprofit health service  
1 20 corporation, an organized delivery system, or any other entity  
1 21 that provides a plan of health insurance, health benefits, or  
1 22 health services.  
1 23 b. "Commissioner" means the Iowa commissioner of  
1 24 insurance.  
1 25 c. "Health care provider" means a physician licensed under  
1 26 chapter 148, 150, 150A, or 151, a physician assistant licensed  
1 27 and practicing under a supervising physician pursuant to  
1 28 chapter 148C, a licensed practical nurse, a registered nurse,  
1 29 a dentist, dental hygienist, or dental assistant registered or  
1 30 licensed to practice under chapter 153, a psychologist  
1 31 licensed pursuant to chapter 154B, a social worker licensed  
1 32 pursuant to chapter 154C, a mental health counselor licensed  
1 33 pursuant to chapter 154D, or a pharmacist licensed pursuant to  
1 34 chapter 155A.  
1 35 d. "Mandated health care benefit" means coverage that is  
2 1 required or required to be offered under this chapter or other  
2 2 state law in an individual or group hospital or health care  
2 3 service contract if the law mandating coverage does any of the  
2 4 following:  
2 5 (1) Stipulates coverage for specific health care services,  
2 6 benefits, technologies, or treatments.  
2 7 (2) Places limitations or restrictions on deductibles,  
2 8 coinsurance, copayments, or annual or lifetime maximum benefit  
2 9 amounts.  
2 10 (3) Designates a specific category of health care provider  
2 11 from whom an insured is entitled to receive care.  
2 12 (4) Requires coverage for all services that a health care  
2 13 provider recommends that are consistent with "generally  
2 14 accepted principles of professional medicine" or a similar  
2 15 standard.

2 16 (5) Requires a specific level of payment or rate of  
2 17 reimbursement.

2 18 (6) Mandates methods of payment, price negotiation,  
2 19 content, or organization of health insurance plans or provider  
2 20 contracts.

2 21 e. "Small employer" means a person actively engaged in  
2 22 business who, on at least fifty percent of the employer's  
2 23 working days during the preceding year, employed not less than  
2 24 two and not more than fifty full-time equivalent eligible  
2 25 employees, as defined in section 513B.2.

2 26 2. EVALUATION BY COMMISSION.

2 27 a. When a bill is requested, the legislative services  
2 28 agency shall make an initial determination of whether the bill  
2 29 contains a requirement for a mandated health care benefit. If  
2 30 a mandated health care benefit may be required as a result of  
2 31 the bill, that fact shall be included in the explanation of  
2 32 the bill.

2 33 b. A bill containing a notice that the bill contains a  
2 34 requirement for a mandated health care benefit shall not be  
2 35 voted out of a standing committee of the house of  
3 1 representatives or the senate until the chairperson of the  
3 2 committee has referred the bill to the commissioner for review  
3 3 and evaluation by the state health insurance mandate  
3 4 commission created in this section and a report has been  
3 5 received from the commission by the speaker of the house of  
3 6 representatives and the president of the senate.

3 7 c. Upon referral of such a bill to the commissioner, the  
3 8 commissioner shall convene the state health insurance mandate  
3 9 commission to conduct a review and evaluation of the bill.  
3 10 The commission shall prepare a written report, with the  
3 11 assistance of the commissioner, that sets forth the results of  
3 12 the commission's review and evaluation. The completed report  
3 13 shall be transmitted to the speaker of the house of  
3 14 representatives and to the president of the senate.

3 15 d. The report shall include, but is not limited to, a  
3 16 review and evaluation of all of the following:

3 17 (1) The social impact of mandating the health care  
3 18 benefit, including but not limited to the following criteria:

3 19 (a) The potential impact of the mandate on the health of  
3 20 the community.

3 21 (b) The availability of the health care benefit through  
3 22 existing resources.

3 23 (c) The alignment of the mandate with the goals of health  
3 24 insurance and managed care.

3 25 (2) The financial impact of mandating the health care  
3 26 benefit, including but not limited to the impact of the  
3 27 mandate on premiums, access, utilization, funding, and cost  
3 28 shifting.

3 29 (3) The medical efficacy of mandating the health care  
3 30 benefit, including but not limited to documentation in  
3 31 recognized medical literature and acceptance within the  
3 32 medical community.

3 33 3. COMMISSION == ESTABLISHMENT.

3 34 a. A state health insurance mandate commission is  
3 35 established to review legislation that proposes to mandate  
4 1 health care benefits in this state.

4 2 b. The commission shall consist of thirteen members as  
4 3 follows:

4 4 (1) The commissioner or the commissioner's designee.

4 5 (2) The chairperson and the ranking member of the senate  
4 6 commerce committee or designees of either, both of whom shall  
4 7 be ex officio, nonvoting members of the commission.

4 8 (3) The chairperson and the ranking member of the house  
4 9 commerce committee or designees of either, both of whom shall  
4 10 be ex officio, nonvoting members of the commission.

4 11 (4) The chief operating officer of the human resources  
4 12 enterprise of the department of administrative services or the  
4 13 officer's designee.

4 14 (5) Four members appointed by the governor, one of whom  
4 15 shall be a representative of a small employer, one a  
4 16 representative of a large employer, one a member of a  
4 17 collective bargaining unit, and one a person who has  
4 18 individual health insurance coverage.

4 19 (6) Three members appointed by the commissioner, one of  
4 20 whom shall be a representative of the federation of Iowa  
4 21 insurers, one a representative of the Iowa hospital  
4 22 association, and one a representative of the Iowa medical  
4 23 society.

4 24 c. Members of the commission who are appointed shall be  
4 25 appointed for three-year terms and shall be balanced as to  
4 26 political affiliation as provided in section 69.16. However,

4 27 a member shall serve until a successor has been appointed and  
4 28 qualified. A vacancy on the commission shall be filled for  
4 29 the unexpired portion of the regular term in the same manner  
4 30 as regular appointments are made.  
4 31 d. Members of the commission shall not be compensated but  
4 32 shall receive mileage at the same rate that is paid to members  
4 33 of the general assembly when attending to the duties of the  
4 34 commission.  
4 35 e. The commission shall not conduct business until all  
5 1 thirteen members of the commission have been appointed or  
5 2 selected and qualify. Seven members of the commission shall  
5 3 constitute a quorum. The commissioner or the commissioner's  
5 4 designee shall serve as chairperson of the commission.  
5 5 f. Staff and administrative support for the commission  
5 6 shall be furnished equally by the insurance division and the  
5 7 human resources enterprise of the department of administrative  
5 8 services as determined by the commissioner.  
5 9 g. The commission may do all of the following:  
5 10 (1) Hold public hearings.  
5 11 (2) Conduct research.  
5 12 (3) Receive testimony from experts.  
5 13 (4) Review, for purposes of comparison, the health  
5 14 benefits mandated in other states and the jurisdiction and  
5 15 effect of such mandates.  
5 16 (5) Contract with experts to develop needed data  
5 17 concerning a proposed mandate.  
5 18 (6) Perform other actions necessary to accomplish the  
5 19 commission's assigned tasks.  
5 20 4. ASSESSMENTS == APPROPRIATION.  
5 21 a. The commissioner shall propose a budget for the first  
5 22 year of operation of the state health insurance mandate  
5 23 commission, subject to the approval of the state health  
5 24 insurance mandate commission. As soon as the first year's  
5 25 budget has been approved, each carrier shall pay an assessment  
5 26 that is a pro rata share of the commission's budget based on  
5 27 the carrier's proportional share of the total insurance  
5 28 premiums collected or payments for subscriber contracts  
5 29 received in this state during the preceding calendar year.  
5 30 The assessments are appropriated to the insurance division of  
5 31 the department of commerce and shall be used for the purpose  
5 32 of funding the expenses of the state health insurance mandate  
5 33 commission. The amount of and method of collection of the  
5 34 assessments due shall be prescribed by the commissioner  
5 35 pursuant to rule.  
6 1 b. On or after July 1, 2006, and each July 1 thereafter,  
6 2 the state health insurance mandate commission shall review the  
6 3 costs of the commission's operation for the preceding year and  
6 4 develop a budget for the commission's operation for the  
6 5 current fiscal year. As soon as the budget for the applicable  
6 6 fiscal year has been approved, each carrier shall pay an  
6 7 assessment that is a pro rata share of one-half of the  
6 8 commission's budget based on the carrier's proportional share  
6 9 of the total insurance premiums collected or payments for  
6 10 subscriber contracts received in this state during the  
6 11 preceding calendar year. The remainder of the commission's  
6 12 budget shall be obtained by increasing health care provider  
6 13 licensing fees. The commissioner and the state health  
6 14 insurance mandate commission shall consult with the Iowa  
6 15 department of public health to determine a method of  
6 16 computation for the assessment of fees to health care  
6 17 providers to fund the expenses of the commission as provided  
6 18 by rule. The increase in health care provider licensing fees  
6 19 assessed pursuant to this section shall be collected by the  
6 20 Iowa department of public health and deposited in a special  
6 21 account and is appropriated to the insurance division of the  
6 22 department of commerce for the purpose of funding one-half of  
6 23 the expenses of the state health insurance mandate commission.  
6 24 c. A carrier that pays an assessment levied pursuant to  
6 25 this section may take a credit against premium taxes owed by  
6 26 the carrier under chapter 432 for the calendar year during  
6 27 which the assessment was paid as provided in section 432.12F.  
6 28 The amount of and method of collection of the assessments due  
6 29 shall be prescribed by the commissioner pursuant to rule.  
6 30 5. RULES. The commissioner shall adopt rules deemed  
6 31 necessary for the administration of this section in accordance  
6 32 with chapter 17A.

#### 6 33 EXPLANATION

6 34 This bill adds new Code section 514C.22 creating a state  
6 35 health insurance mandate commission consisting of 13 specified  
7 1 members and chaired by the commissioner of insurance or the  
7 2 commissioner's designee.

7 3 The bill provides that when a bill is requested, the  
7 4 legislative services agency shall make an initial  
7 5 determination of whether the bill contains a requirement that  
7 6 a mandated health care benefit be offered in all individual or  
7 7 group hospital or health care service contracts in this state,  
7 8 and if so, notice of that fact must be included in the  
7 9 explanation of the bill.

7 10 The bill further provides that if such a notice is included  
7 11 in a bill's explanation, the bill shall not be voted out of a  
7 12 standing committee of the house of representatives or the  
7 13 senate until the chairperson of the committee has referred the  
7 14 bill to the commissioner of insurance for review and  
7 15 evaluation by the state health insurance mandate commission.  
7 16 The bill provides that upon receiving such a referral, the  
7 17 insurance commissioner shall convene the commission, and after  
7 18 completing its review and evaluation the commission shall  
7 19 prepare and transmit a written report to the speaker of the  
7 20 house of representatives and to the president of the senate  
7 21 setting forth the commission's findings, including an  
7 22 evaluation of the social and financial impacts, as well as the  
7 23 medical efficacy, of the proposed mandated health care  
7 24 benefit.

7 25 The bill provides for the organization of the state health  
7 26 insurance mandate commission, including three-year terms for  
7 27 appointed members, balance in political affiliation,  
7 28 vacancies, compensation for mileage, quorums, and staff and  
7 29 administrative support from the insurance division and the  
7 30 human resources enterprise of the department of administrative  
7 31 services. The bill specifies that the commission may hold  
7 32 public hearings, receive testimony from experts, compare  
7 33 health benefits mandated in other states, contract with  
7 34 experts to develop needed data, and perform other actions  
7 35 necessary to accomplish the commission's assigned tasks.

8 1 The bill also provides that the commissioner of insurance  
8 2 shall propose a budget for the first year of operation of the  
8 3 new commission subject to approval by the commission, and that  
8 4 each carrier shall then be assessed an amount that is a pro  
8 5 rata share of the new commission's budget based on the  
8 6 carrier's proportional share of the total insurance premiums  
8 7 collected or payments for subscriber contracts received in  
8 8 this state during the preceding calendar year. These  
8 9 assessments are appropriated and shall be used for the purpose  
8 10 of funding the expenses of the state health insurance mandate  
8 11 commission.

8 12 The bill provides that on or after July 1, 2006, and each  
8 13 July 1 thereafter, the commission shall review the costs of  
8 14 the preceding year, develop a budget for that year, and assess  
8 15 each carrier an amount that is a pro rata share of one-half of  
8 16 the commission's budget based on the same proportional share  
8 17 that was used for the first-year assessment. The bill further  
8 18 provides that the remainder of the commission's budget for the  
8 19 second and subsequent years of its operation shall be obtained  
8 20 by increasing health care provider licensing fees, with the  
8 21 amount of that increase to be determined by the commissioner  
8 22 and the state health insurance mandate commission in  
8 23 consultation with the Iowa department of public health. The  
8 24 increase in health care provider fees is to be collected by  
8 25 the Iowa department of public health and deposited into a  
8 26 special account that is appropriated to the insurance division  
8 27 of the Iowa department of commerce for the purpose of funding  
8 28 one-half of the expenses of the state health insurance mandate  
8 29 commission.

8 30 The bill provides that a carrier that pays an assessment  
8 31 levied under the new Code section may take a credit against  
8 32 premium taxes due under Code chapter 432 in the calendar year  
8 33 during which the assessment was paid as provided in new Code  
8 34 section 432.12F.

8 35 The bill allows the commissioner of insurance to adopt  
9 1 rules deemed necessary for the administration of the new  
9 2 section in accordance with Code chapter 17A.

9 3 LSB 1750SC 81

9 4 av:nh/gg/14